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Docket
96-45



National Association of State Telecommunications Directors

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May 29, 1998

The Honorable William Kennard
Chairman, Federal Communications Commission
1919 M Street NW
Washington, DC 20054

Dear Chairman Kennard:

This is to inform you that the National Association of State Telecommunications Directors (NASTD) has formally endorsed the February 12, 1998, petition of the Washington Department of Information Services (WDIS) ¹ and the March 17, 1998, petition of the Oklahoma State Regents for Higher Education (Oklahoma Regents)², both seeking reconsideration of Commission universal service discount eligibility rules for state telecommunications network (STN) services to schools and libraries.

NASTD is an organization made up of state government telecommunications managers from all 50 states, the District of Columbia, and the United States territories. These managers administer the state organizations that provide communications facilities, systems and services for state agencies, local governments, and other public entities, including hospitals, schools and libraries.

NASTD continues to urge the Commission to resolve promptly the pending issues relating to the universal service discount program for schools and libraries as they affect state telecommunications networks (STNs). Specifically, NASTD requests that the Commission move in a timely manner to grant the Washington and Oklahoma petitions and ensure that the Commission's rules do not disadvantage or undermine state network services. We stress that the concerns raised in the WDIS petition are shared by the STNs

¹ Petition of the Washington Department of Information Services, the Office of the Washington Superintendent of Public Instruction, the Washington State Library, et al., for Reconsideration of the Commission's Fourth Order on Reconsideration in CC Docket 96-45, filed February 12, 1998.

² Petition of the Oklahoma State Regents for Higher Education and the Oklahoma Office of State Finance, filed March 17, 1998.



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generally, and should not be viewed as limited to a particular state or region.

As you know, most states, through their respective legislatures, have established organizations for the service and system design, procurement, integration, management, and oversight of telecommunications resources to meet the needs of state and local government organizations. Each state telecommunications organization serves multiple public sector entities, which may include state agencies, local and county governments, public health care agencies, and public schools and libraries. These STNs were created with the expectation of saving taxpayer money through volume purchasing, and the integration and coordinated operation of telecommunications facilities and services obtained from multiple suppliers. Moreover, in many cases these integrated services are not available from private carriers in the form required by STN users.

During the past months, many NASTD member states have found the application process for e-rate discounts to be extraordinarily frustrating. In particular, they find that though they add value to services procured from telecommunications carriers – for example, they integrate the services procured from various vendors, undertake engineering and billing responsibilities, and provide help-desk support – they are barred by Commission rules from obtaining discounts for schools and libraries that reflect these services.

Moreover, because federal discounts are available to schools and libraries for those “value-added” services when they are provided by private carriers, the Commission has provided these schools and libraries incentives to forego the less expensive STN services and procure separately the higher cost services provided to private carriers.

Clearly, the economic and administrative efficiencies available to schools and libraries through STNs cannot be fully realized under the universal service fund structure as it currently exists. What is more, the current structure, which encourages schools and libraries to pay more for services where e-rate eligibility is assured, maximizes the demands on the USF and depletes it more quickly. It also results in loss of aggregated volume and, therefore, higher costs for the remainder of STN public-sector users, all of whom are funded by the citizen taxpayers of the state.

NASTD member states believe that Congress or the Commission must address these issues quickly. It agrees with WDIS, the

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Oklahoma Regents,³ the Florida Department of Management Services,⁴ and others that the current rules undermine current or future plans of state governments to seek efficiencies in telecommunications services to the benefit of taxpayers. NASTD urges the Commission to allow STNs to receive reimbursement directly for the discounts on services they provide to their eligible school and library participants, and to allow STNs to receive discounts on the same package of services as those provided by private carriers.

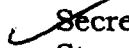
We are aware that in its April 15, 1998, Report to Congress, the Commission suggested that it lacks statutory authority to allow STNs to obtain direct reimbursement. If this is the Commission's final position, then NASTD requests that the Commission aggressively pursue with Congress a legislative solution that gives the Commission the statutory authority needed to ensure that STNs can continue to provide efficient and cost-effective services to their customers.

Thank you for your attention to this important matter. We understand that this is an ex parte communication, and therefore we have filed copies with the Commission Secretary.

Sincerely,



Jody McCann
President

c:  Secretary to the Commission
Steve Kolodney, State of Washington

³ See Reply Comments of the Oklahoma State Regents for Higher Education, the Oklahoma Office of State Finance, the State Superintendent of Public Instruction, and State Senator Ben Robinson, in CC Docket 96-45, filed April 6, 1998.

⁴ See Reply Comments of Florida Department of Management Services in Support of the Washington State Department of Information Services' Petition for Reconsideration of the FCC's Fourth Order on Reconsideration, filed April 6, 1998.